

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2008

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West Central Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education (Before September 2007 Election)

Harry Light	President	2007
Doug Wiles	Vice President	2008
Deanna Harwood	Board Member	2007
Jeff Baker	Board Member	2007
Tony Wagers	Board Member	2008
Symantha Crawford	Board Member	2009
Marty Doud	Board Member	2009

Board of Education (After September 2007 Election)

Harry Light	President	2010
Symantha Crawford	Vice President	2009
Doug Wiles	Board Member	2008
Tony Wagers	Board Member	2008
Marty Doud	Board Member	2009
Jeff Baker	Board Member	2010
Cary Gilman	Board Member	2010

School Officials

Dave Arnold	Superintendent	2008
Lisa Waddell	District Secretary/Treasurer and Business Manager (Resigned October)	2008
Shirley Maxwell	District Secretary/Treasurer and Business Manager (Appointed November)	2008
Rick Engel	Attorney	2008

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Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
West Central Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District, Stuart, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2009 on our consideration of West Central Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 35 through 36 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

February 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,175,245 in fiscal 2007 to \$8,717,148 in fiscal 2008, while General Fund expenditures increased from \$8,311,519 in fiscal 2007 to \$8,612,976 in fiscal 2008. This resulted in an increase in the District's General Fund balance from \$100,359 in fiscal 2007 to \$204,531 in fiscal 2008, representing a 103.8% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax, other local sources and federal grant revenue in fiscal 2008. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits. Revenues exceeded expenditures ensuring the fund balance to increase.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Central Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Central Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Central Valley Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

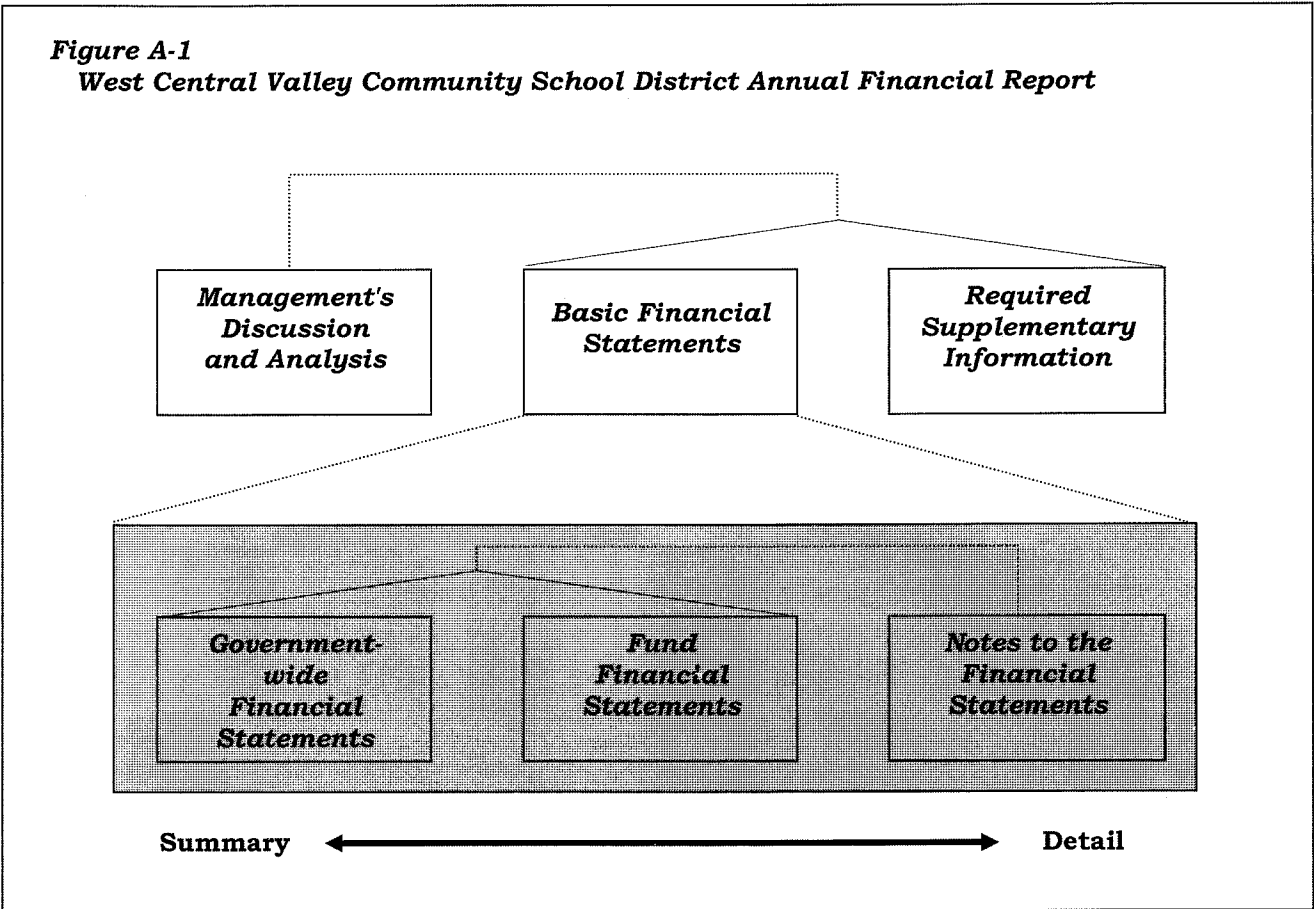


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service and Capital Projects.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition and the Greenhouse Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Private-Purpose Trust fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 7,385,298	6,933,949	14,434	8,942	7,399,732	6,942,891	6.58%
Capital assets	4,574,206	3,627,883	67,007	66,354	4,641,213	3,694,237	25.63%
Total assets	11,959,504	10,561,832	81,441	75,296	12,040,945	10,637,128	13.20%
Long-term obligations	3,042,762	3,096,233	0	0	3,042,762	3,096,233	-1.73%
Other liabilities	5,756,538	4,641,640	4,581	5,146	5,761,119	4,646,786	23.98%
Total liabilities	8,799,300	7,737,873	4,581	5,146	8,803,881	7,743,019	13.70%
Net assets:							
Invested in capital assets, net of related debt	2,117,776	1,574,634	67,007	66,354	2,184,783	1,640,988	33.14%
Restricted	935,148	1,301,574	0	0	935,148	1,301,574	-28.15%
Unrestricted	107,280	(52,249)	9,853	3,796	117,133	(48,453)	341.75%
Total net assets	\$ 3,160,204	2,823,959	76,860	70,150	3,237,064	2,894,109	11.85%

The District's combined net assets increased by 11.85% compared to the prior year. The largest portion of the District's net assets is the invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased 28.15% over the prior year.

Unrestricted net assets-the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased 341.75% compared to the prior year.

Figure A-4 shows the changes in net assets for the years ended June 30, 2008 and 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 281,301	459,827	159,191	171,784	440,492	631,611	-30.26%
Operating grants and contributions and restricted interest	1,187,052	933,465	176,463	166,185	1,363,515	1,099,650	24.00%
General revenues:							
Property tax	3,407,739	3,290,853	0	0	3,407,739	3,290,853	3.55%
Local option sales and service tax	714,586	700,471	0	0	714,586	700,471	2.02%
Unrestricted state grants	4,039,463	3,919,982	0	0	4,039,463	3,919,982	3.05%
Other general revenues	305,659	145,829	75	63	305,734	145,892	109.56%
Transfers	(41,657)	0	41,657	0	0	0	0.00%
Total revenues and transfers	9,894,143	9,450,427	377,386	338,032	10,271,529	9,788,459	4.94%
Program expenses:							
Governmental activities:							
Instructional	6,020,168	5,688,396	0	0	6,020,168	5,688,396	5.83%
Support services	2,753,488	2,543,533	3,107	887	2,756,595	2,544,420	8.34%
Non-instructional programs	0	0	367,569	397,265	367,569	397,265	-7.48%
Other expenses	784,242	478,227	0	0	784,242	478,227	63.99%
Total expenses	9,557,898	8,710,156	370,676	398,152	9,928,574	9,108,308	9.01%
Change in net assets	336,245	740,271	6,710	(60,120)	342,955	680,151	-49.58%
Net assets beginning of year	2,823,959	2,083,688	70,150	130,270	2,894,109	2,213,958	30.72%
Net assets end of year	\$ 3,160,204	2,823,959	76,860	70,150	3,237,064	2,894,109	11.85%

In fiscal 2008, property tax, local option sales and service tax and unrestricted state grants account for 82.49% of the revenue from governmental activities while charges for services and operating grants and contributions account for 88.94% of the revenue from business type activities.

The District's total revenues were approximately \$10.27 million of which \$9.89 million was for governmental activities and \$.38 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 4.94% in revenues and a 9.01% increase in expenses. The increase in expenses was related to the increase in facilities acquisitions costs during the year.

Governmental Activities

Revenues for governmental activities were \$9,894,143 and expenses were \$9,557,898.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 6,020,168	5,688,396	5.51%	4,877,087	4,602,347	5.97%
Support services	2,753,488	2,543,533	7.63%	2,752,366	2,542,488	8.25%
Other expenses	784,242	478,227	39.02%	460,092	172,029	167.45%
Totals	<u>\$ 9,557,898</u>	<u>8,710,156</u>	<u>8.87%</u>	<u>8,089,545</u>	<u>7,316,864</u>	<u>10.56%</u>

- The cost financed by users of the District's programs was \$281,301.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,187,052.
- The net cost of governmental activities was financed with \$3,407,739 in property tax, \$714,586 in local option sales and service tax, \$4,039,463 in unrestricted state grants, \$81,172 in interest income, and \$224,487 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$377,386 and expenses were \$370,676. The District's business-type activities include the School Nutrition and Greenhouse Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the West Central Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,659,912, compared to last year's ending fund balances of \$2,328,889. However, the primary reason for the decrease was due to expenditures exceeding revenues.

Governmental Fund Highlights

- The District's improving General Fund financial position is the product of many factors. Increases in revenues were due to the increases in local tax, other local sources, and federal revenues received during the year. Expenditures increased in the instruction, support services and other expenditures functions. Part of this is due to the increase in salaries and benefits paid out to employees. Another is the normal increases in prices of utilities, gas and other everyday expenditures. The increase in fund balance from \$100,359 to \$204,531 was due to the fact that revenues exceeded expenditures.
- The Capital Projects Fund balance decreased from \$1,529,231 to \$585,533 due to reduced other local revenue received during the year.
- The Debt Service Fund balance increased from \$537,512 to \$581,717. Included in the fund balance at year end is a required reserve of \$303,000 as part of the issuance of the sales tax revenue bonds.

Proprietary Fund Highlights

The District has two proprietary funds, which were noted earlier. The School Nutrition Fund net assets increased from \$67,730 at June 30, 2007 to \$73,813 at June 30, 2008. Total revenues for this fund increased due to an increase in federal revenues and capital contributions made from the General Fund during the year. The Greenhouse fund balance increased \$627 due to revenues exceeding expenditures during the year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$488,216 more than budgeted revenues, a variance of 4.99%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$4,641,213, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 25.63% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$213,031.

The original cost of the District's capital assets was \$9,338,916. Governmental funds account for \$9,183,210 with the remainder of \$155,706 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$2,420,665 at June 30, 2007 compared to \$3,468,745 at June 30, 2008. This increase is due to the construction during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business-Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 135,991	135,991	0	0	135,991	135,991	0.00%
Construction in progress	3,468,745	2,420,665	0	0	3,468,745	2,420,665	43.30%
Buildings	573,655	561,713	0	0	573,655	561,713	2.13%
Machinery and equipment	395,815	509,514	67,007	66,354	462,822	575,868	-19.63%
Total	\$ 4,574,206	3,627,883	67,007	66,354	4,641,213	3,694,237	25.63%

Long-Term Debt

At June 30, 2008, the District had long-term debt outstanding of \$3,042,762 in a revenue bonds, compensated absences and early retirement. This represents a decrease of 1.73% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding revenue bonds payable of \$2,845,000 at June 30, 2008.

The District also had total outstanding early retirement payable from the Special Revenue, Management Levy Fund of \$166,422 at June 30, 2008.

Compensated absence, which are payable from the General Fund, has an ending balance at June 30, 2008 of \$31,340.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
Revenue bonds	\$ 2,845,000	3,030,000	-6.11%
Compensated absences	31,340	31,534	-0.62%
Early retirement	166,422	34,810	378.09%
Totals	\$ 3,042,762	3,096,344	-1.73%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District has experienced stabile enrollment for a few years, and trend continues with a decrease of 2.2 students in the October 2007 enrollment count.
- The budget guarantee (whereby Districts are guaranteed 100% of their current budget for the upcoming year) is being phased out over a ten-year period, which began in fiscal year 2005.
- Low allowable growth over several years and enrollment stability is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued increases in insurance and health premiums, along with price increases for utilities, gas and other everyday expenditures is allows a concern for the District as they try to control spending in the individual funds.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Symantha Crawford, Business Manager, West Central Valley Community School District, P.O. Box 81, Stuart, Iowa, 50250.

BASIC FINANCIAL STATEMENTS

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments:			
U.S. Treasury Securities on			
deposit with escrow agent	\$ 581,717	0	581,717
Other	1,674,235	9,963	1,684,198
Receivables:			
Property tax:			
Delinquent	56,861	0	56,861
Succeeding year	4,776,792	0	4,776,792
Income surtax	31,989	0	31,989
Interfund	5,456	(5,456)	0
Accounts	145	499	644
Due from other governments	258,103	0	258,103
Inventories	0	9,428	9,428
Capital assets, net of accumulated depreciation (Note 5)	4,574,206	67,007	4,641,213
Total Assets	11,959,504	81,441	12,040,945
Liabilities			
Accounts payable	265,683	320	266,003
Salaries and benefits payable	637,343	0	637,343
Accrued interest payable	63,141	0	63,141
Deferred revenue:			
Succeeding year property tax	4,776,792	0	4,776,792
Other	13,579	0	13,579
Unearned revenue	0	4,261	4,261
Long-term liabilities (Note 6):			
Portion due within one year:			
Revenue bonds	375,000	0	375,000
Early retirement	59,931	0	59,931
Compensated absences	31,340	0	31,340
Portion due after one year:			
Revenue bonds	2,470,000	0	2,470,000
Early retirement	106,491	0	106,491
Total Liabilities	8,799,300	4,581	8,803,881
Net Assets			
Invested in capital assets, net of related debt	2,117,776	67,007	2,184,783
Restricted for:			
Talented and gifted	24,301	0	24,301
Beginning teacher mentoring	2,552	0	2,552
Salary improvement program	104	0	104
Market factor	639	0	639
Market factor incentives	7,163	0	7,163
Debt service	581,717	0	581,717
Physical plant & equipment levy	47,915	0	47,915
Management levy	1,236	0	1,236
Capital projects	196,963	0	196,963
Other special revenue purposes	72,558	0	72,558
Unrestricted	107,280	9,853	117,133
Total Net Assets	\$ 3,160,204	76,860	3,237,064

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 3,900,800	82,160	811,210	(3,007,430)	0	(3,007,430)
Special instruction	1,335,289	46,421	50,585	(1,238,283)	0	(1,238,283)
Other instruction	784,079	152,705	0	(631,374)	0	(631,374)
	6,020,168	281,286	861,795	(4,877,087)	0	(4,877,087)
Support services:						
Student services	143,756	0	0	(143,756)	0	(143,756)
Instructional staff services	229,832	0	0	(229,832)	0	(229,832)
Administration services	919,843	0	0	(919,843)	0	(919,843)
Operation and maintenance of plant services	925,568	0	0	(925,568)	0	(925,568)
Transportation services	534,489	15	1,107	(533,367)	0	(533,367)
	2,753,488	15	1,107	(2,752,366)	0	(2,752,366)
Other expenditures:						
Facilities acquisitions	291,452	0	0	(291,452)	0	(291,452)
Long-term debt interest	130,825	0	0	(130,825)	0	(130,825)
AEA flowthrough	324,150	0	324,150	0	0	0
Depreciation(unallocated)*	37,815	0	0	(37,815)	0	(37,815)
	784,242	0	324,150	(460,092)	0	(460,092)
Total governmental activities	9,557,898	281,301	1,187,052	(8,089,545)	0	(8,089,545)
Business-Type activities:						
Support services:						
Administration services	1,236	0	0	0	(1,236)	(1,236)
Operation and maintenance of plant services	1,871	0	0	0	(1,871)	(1,871)
	3,107	0	0	0	(3,107)	(3,107)
Non-instructional programs:						
Nutrition services	365,046	156,041	176,463	0	(32,542)	(32,542)
Greenhouse	2,523	3,150	0	0	627	627
	367,569	159,191	176,463	0	(31,915)	(31,915)
Total business-type activities	370,676	159,191	176,463	0	(35,022)	(35,022)
Total	\$ 9,928,574	440,492	1,363,515	(8,089,545)	(35,022)	(8,124,567)
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 3,321,866	0	3,321,866
Capital outlay				85,873	0	85,873
Local option sales and service tax				714,586	0	714,586
Unrestricted state grants				4,039,463	0	4,039,463
Unrestricted investment earnings				81,172	75	81,247
Other general revenues				224,487	0	224,487
Transfers				(41,657)	41,657	0
Total general revenues and transfers				8,425,790	41,732	8,467,522
Changes in net assets				336,245	6,710	342,955
Net assets beginning of year				2,823,959	70,150	2,894,109
Net assets end of year				\$ 3,160,204	76,860	3,237,064

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Debt Service	Special Revenue Funds	Total
Assets					
Cash and pooled investments:					
U.S. Treasury Securities on deposit with escrow agent	\$ 0	0	581,717	0	581,717
Other	885,324	500,014	0	288,897	1,674,235
Receivables:					
Property tax					
Delinquent	52,529	0	0	4,332	56,861
Succeeding year	3,396,863	0	1,055,750	324,179	4,776,792
Income surtax	31,989	0	0	0	31,989
Interfund	5,456	0	0	0	5,456
Accounts	145	0	0	0	145
Due from other governments	86,546	171,557	0	0	258,103
Total Assets	\$ 4,458,852	671,571	1,637,467	617,408	7,385,298
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 174,547	86,038	0	5,098	265,683
Salaries and benefits payable	637,343	0	0	0	637,343
Deferred revenue:					
Succeeding year property tax	3,396,863	0	1,055,750	324,179	4,776,792
Income surtax	31,989	0	0	0	31,989
Other	13,579	0	0	0	13,579
Total liabilities	4,254,321	86,038	1,055,750	329,277	5,725,386
Fund balances:					
Reserved for:					
Debt service	0	0	581,717	0	581,717
Capital projects	0	388,570	0	0	388,570
Talented and gifted	24,301	0	0	0	24,301
Beginning teacher mentoring	2,552	0	0	0	2,552
Salary improvement program	104	0	0	0	104
Market factor	639	0	0	0	639
Market factor incentives	7,163	0	0	0	7,163
Unreserved	169,772	196,963	0	288,131	654,866
Total fund balances	204,531	585,533	581,717	288,131	1,659,912
Total Liabilities and Fund Balances	\$ 4,458,852	671,571	1,637,467	617,408	7,385,298

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 15)	\$ 1,659,912
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	4,574,206
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(63,141)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	31,989
Long-term liabilities, including revenue bonds payable, compensated absences and early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,042,762)</u>
Net assets of governmental activites (page 13)	<u><u>\$ 3,160,204</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Debt Service	Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,152,180	714,586	0	254,035	4,120,801
Tuition	128,581	0	0	0	128,581
Other	207,838	29,858	15,376	204,943	458,015
Intermediate sources	364	0	0	0	364
State sources	4,919,232	0	0	1,808	4,921,040
Federal sources	305,475	0	0	0	305,475
Total revenues	8,713,670	744,444	15,376	460,786	9,934,276
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	3,774,510	0	0	18,125	3,792,635
Special instruction	1,332,997	0	0	0	1,332,997
Other instruction	658,231	0	0	119,411	777,642
	5,765,738	0	0	137,536	5,903,274
Support services:					
Student services	144,488	0	0	0	144,488
Instructional staff services	199,267	0	0	900	200,167
Administration services	905,962	0	0	530	906,492
Operation and maintenance of plant services	793,317	0	0	137,380	930,697
Transportation services	448,813	0	0	5,024	453,837
	2,491,847	0	0	143,834	2,635,681
Other expenditures:					
Facilities acquisitions	0	1,339,695	0	53,072	1,392,767
Long-term debt:					
Principal	0	0	185,000	0	185,000
Interest and fiscal charges	0	0	134,618	0	134,618
AEA flowthrough	324,150	0	0	0	324,150
	324,150	1,339,695	319,618	53,072	2,036,535
Total expenditures	8,581,735	1,339,695	319,618	334,442	10,575,490
Excess(deficiency) of revenues over(under) expenditures	131,935	(595,251)	(304,242)	126,344	(641,214)
Other financing sources(uses):					
Transfers in	0	0	348,447	0	348,447
Transfers out	(31,241)	(348,447)	0	0	(379,688)
Sale of equipment	3,478	0	0	0	3,478
Total other financing sources(uses)	(27,763)	(348,447)	348,447	0	(27,763)
Net change in fund balances	104,172	(943,698)	44,205	126,344	(668,977)
Fund balance beginning of year	100,359	1,529,231	537,512	161,787	2,328,889
Fund balance end of year	\$ 204,531	585,533	581,717	288,131	1,659,912

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds (page 17) \$ (668,977)

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amount of capital outlays and depreciation expense during the year are as follows:

Capital outlays	\$ 1,148,993	
Depreciation expense	<u>(202,670)</u>	946,323

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		1,524
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		3,793
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets		185,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Compensated absences	194	
Early retirement	<u>(131,612)</u>	<u>(131,418)</u>

Changes in net assets of governmental activities (page 14)		<u>\$ 336,245</u>
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SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	School Nutrition	Green House	Total
Assets			
Cash and cash equivalents	\$ 6,916	3,047	9,963
Accounts receivable	499	0	499
Inventories	9,428	0	9,428
Capital assets, net of accumulated depreciation (Note 5)	67,007	0	67,007
Total Assets	83,850	3,047	86,897
Liabilities			
Interfund payable	5,456	0	5,456
Accounts payable	320	0	320
Unearned revenues	4,261	0	4,261
Total Liabilities	10,037	0	10,037
Net Assets			
Invested in capital assets	67,007	0	67,007
Unrestricted	6,806	3,047	9,853
Total Net Assets	\$ 73,813	3,047	76,860

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	School Nutrition	Green House	Total
OPERATING REVENUE:			
Local sources:			
Other local sources:			
Charges for services	\$ 156,041	3,150	159,191
TOTAL OPERATING REVENUES	156,041	3,150	159,191
OPERATING EXPENSES:			
Support services:			
Administration:			
Services	845	0	845
Other	391	0	391
Operation and maintenance of plant:			
Supplies	1,871	0	1,871
	3,107	0	3,107
Non-instructional programs:			
Salaries	147,871	0	147,871
Benefits	24,355	0	24,355
Services	2,308	0	2,308
Supplies	180,151	2,523	182,674
Depreciation	10,361	0	10,361
	365,046	2,523	367,569
TOTAL OPERATING EXPENSES	368,153	2,523	370,676
OPERATING INCOME (LOSS)	(212,112)	627	(211,485)
NON-OPERATING REVENUES:			
Interest income	75	0	75
State sources	4,587	0	4,587
Federal sources	171,876	0	171,876
TOTAL NON-OPERATING REVENUES	176,538	0	176,538
Income (loss) before other financing sources	(35,574)	627	(34,947)
OTHER FINANCING SOURCES			
Transfers in	31,241	0	31,241
Capital contributions	10,416	0	10,416
TOTAL OTHER FINANCING SOURCES	41,657	0	41,657
Change in net assets	6,083	627	6,710
Net assets at beginning of year	67,730	2,420	70,150
Net assets end of year	\$ 73,813	3,047	76,860

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	School Nutrition	Green house	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 147,021	0	147,021
Cash received from miscellaneous operating activities	9,685	3,150	12,835
Cash payments to employees for services	(172,226)	0	(172,226)
Cash payments to suppliers for goods or services	(162,206)	(2,523)	(164,729)
Net cash provided by(used in) operating activities	(177,726)	627	(177,099)
Cash flows from non-capital financing activities:			
Intefund borrowings	(386)	0	(386)
Loan from General Fund	31,241	0	31,241
State grants received	4,587	0	4,587
Federal grants received	147,743	0	147,743
Net cash provided by non-capital financing activities	183,185	0	183,185
Cash flows from capital and related financing activities:			
Purchase of capital assets	(598)	0	(598)
Cash flows from investing activities:			
Interest on investments	75	0	75
Net increase in cash and cash equivalents	4,936	627	5,563
Cash and cash equivalents at beginning of year	1,980	2,420	4,400
Cash and cash equivalents at end of year	\$ 6,916	3,047	9,963
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ (212,112)	627	(211,485)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:			
Commodities consumed	24,133	0	24,133
Depreciation	10,361	0	10,361
Decrease in inventories	956	0	956
Increase in accounts receivable	(499)	0	(499)
Decrease in accounts payable	(1,729)	0	(1,729)
Increase in unearned revenue	1,164	0	1,164
Net cash provided by(used in) operating activities	\$ (177,726)	627	(177,099)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:			
Current assets:			
Cash and pooled investments	\$ 6,916	3,047	9,963

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at \$24,133.

During the year ended June 30, 2008, the District received \$10,416 in capital contributions from General Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2008

	Private-purpose Trust Scholarship
Assets	
Cash and pooled investments	\$ 217,876
Liabilities	0
Net Assets	
Unreserved	19,362
Reserved for scholarships	198,514
Total Net Assets	<u>\$ 217,876</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2008

	Private-purpose Trust Scholarship
ADDITIONS:	
Local sources:	
Interest income	\$ 9,792
DEDUCTIONS:	
Instructional:	
Other:	
Scholarship awarded	8,750
Change in net assets	1,042
Net assets beginning of year	216,834
Net assets end of year	\$ 217,876

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The West Central Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Stuart, Menlo, Dexter and Redfield, Iowa, and the predominate agricultural territory in Adair, Dallas and Guthrie Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Central Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The West Central Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Adair, Dallas and Guthrie County Assessors' Conference Board.

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District's proprietary funds are the Enterprise, School Nutrition Fund and Enterprise, Greenhouse Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary fund is as follows:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board

Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Non-negotiable certificates of deposit are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 500
Buildings	500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Machinery and equipment	5-12 years

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax

receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2008 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified portfolio	\$ 2,462

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. The U.S. Treasury Securities are classified as Category 1, which means the investments are insured or registered or the securities are held by the District or its agent in the District's name.

Securities are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2008, the District had investments in U.S. Treasury Securities as follows:

	Fair Value
U.S. Treasury Securities	\$ 581,717

(3) Due From and Due to Other Funds

The detail of interfund receivable and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 5,456

(4) Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 348,447
Nutrition	General	<u>31,241</u>
Total		<u>\$ 379,688</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 135,991	0	0	135,991
Construction in progress	2,420,665	1,048,080	0	3,468,745
Total capital assets not being depreciated	<u>2,556,656</u>	<u>1,048,080</u>	<u>0</u>	<u>3,604,736</u>
Capital assets being depreciated:				
Buildings	3,550,975	49,757	0	3,600,732
Machinery and equipment	1,926,586	51,156	0	1,977,742
Total capital assets being depreciated	<u>5,477,561</u>	<u>100,913</u>	<u>0</u>	<u>5,578,474</u>
Less accumulated depreciation for:				
Buildings	2,989,262	37,815	0	3,027,077
Machinery and equipment	1,417,072	164,855	0	1,581,927
Total accumulated depreciation	<u>4,406,334</u>	<u>202,670</u>	<u>0</u>	<u>4,609,004</u>
Total capital assets being depreciated, net	<u>1,071,227</u>	<u>(101,757)</u>	<u>0</u>	<u>969,470</u>
Governmental activities capital assets, net	<u>\$ 3,627,883</u>	<u>946,323</u>	<u>0</u>	<u>4,574,206</u>
Business-type activities:				
Machinery and equipment	\$ 146,086	11,014	1,394	155,706
Less accumulated depreciation	79,732	10,361	1,394	88,699
Business-type activities capital assets, net	<u>\$ 66,354</u>	<u>653</u>	<u>0</u>	<u>67,007</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 35,260
Special	2,292
Other	9,539

Support services:

Instructional staff services	29,665
Administration services	1,646
Operation and maintenance of plant services	4,434
Transportation	82,019

164,855

Unallocated depreciation 37,815

Total governmental activities depreciation expense \$ 202,670

Business-type activities:

Food services \$ 10,361

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue bonds	\$ 3,030,000	0	185,000	2,845,000	375,000
Compensated absences	31,534	31,340	31,534	31,340	31,340
Early retirement	34,810	159,274	27,662	166,422	59,931
Total	\$ 3,096,344	190,614	244,196	3,042,762	466,271

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of service, ten of which must be continuous years, to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives for each eligible employee is equal to subtracting the current base pay from the current salary. Early retirement expenditures for the year ended June 30, 2008 totaled \$27,662.

Revenue Bonds Payable

On August 1, 2006, the District issued revenue bonds for capital facility additions. The revenue bonds will be repaid using Local Option Sales and Services Tax collected in the Capital Project Fund. Detail of the District June 30, 2008 revenue bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 1, 2006			
	Interest Rates	Principal	Interest	Total
2009	4.10-4.20 %	\$ 375,000	122,491	497,491
2010	4.20-4.30	395,000	106,622	501,622
2011	4.30-4.40	410,000	89,627	499,627
2012	4.40-4.50	430,000	71,467	501,467
2013-2016	4.50-4.70	1,235,000	97,225	1,332,225
Total		\$ 2,845,000	487,432	3,332,432

The District has pledged future local option sales and services tax revenues to repay the \$3,030,000 bonds issued in August 2006. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2016. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds required 44.63% of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$3,332,432. For the current year, principal and interest paid on the bonds was \$318,868 and local option sales and services tax revenues were \$714,586. The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) The District is required to establish a Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. There currently is a Reserve Account of \$303,000 on deposit with an escrow agent.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$301,030, \$284,753, and \$224,427 respectively, equal to the required contributions for each year.

(8) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: dental.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2008 were \$4,905.

Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw.

West Central Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$324,150 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Construction Commitment

The District has entered into various contracts totaling \$3,685,465 for construction projects. As of June 30, 2008, costs of \$3,133,411 had been incurred against the contracts. The balance of \$552,054 remaining at June 30, 2008 will be paid as work on the projects progresses.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Funds Type Actual	Proprietary Funds Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 4,707,397	159,266	4,866,663	4,597,744	4,597,744	268,919
Intermediate sources	364	0	364	7,000	7,000	(6,636)
State sources	4,921,040	4,587	4,925,627	4,987,045	4,987,045	(61,418)
Federal sources	305,475	171,876	477,351	190,000	190,000	287,351
Total revenues	9,934,276	335,729	10,270,005	9,781,789	9,781,789	488,216
Expenditures:						
Instruction	5,903,274	0	5,903,274	7,652,899	7,652,899	1,749,625
Support services	2,635,681	3,107	2,638,788	2,943,744	2,943,744	304,956
Non-instructional programs	0	367,569	367,569	224,718	400,000	32,431
Other expenditures	2,036,535	0	2,036,535	3,528,355	3,528,355	1,491,820
Total expenditures	10,575,490	370,676	10,946,166	14,349,716	14,524,998	3,578,832
Deficiency of revenues under expenditures	(641,214)	(34,947)	(676,161)	(4,567,927)	(4,743,209)	4,067,048
Other financing sources, net	(27,763)	41,657	13,894	1,800	1,800	12,094
Excess(deficiency) of revenues and other financing sources over(under) expenditures	(668,977)	6,710	(662,267)	(4,566,127)	(4,741,409)	4,079,142
Balance beginning of year	2,328,889	70,150	2,399,039	3,378,824	3,378,824	979,785
Balance end of year	\$ 1,659,912	76,860	1,736,772	(1,187,303)	(1,362,585)	3,099,357

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$175,282.

OTHER SUPPLEMENTARY INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	Manage- ment Levy	Physical Plant & Equipment Levy	Student Activity	Expendable Trust	Total
Assets					
Cash and pooled investments	\$ 165,459	46,445	45,319	31,674	288,897
Receivables:					
Property tax:					
Current year delinquent	2,862	1,470	0	0	4,332
Succeeding year	230,000	94,179	0	0	324,179
Total Assets	\$ 398,321	142,094	45,319	31,674	617,408
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 663	0	4,435	0	5,098
Deferred revenue:					
Succeeding year property tax	230,000	94,179	0	0	324,179
Total liabilities	230,663	94,179	4,435	0	329,277
Fund balances:					
Unreserved	167,658	47,915	40,884	31,674	288,131
Total fund balances	167,658	47,915	40,884	31,674	288,131
Total Liabilities and Fund Balances	\$ 398,321	142,094	45,319	31,674	617,408

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2008

	Manage- ment Levy	Physical Plant & Equipment Levy	Student Activity	Expendable Trust	Total
REVENUES:					
Local sources:					
Local tax	\$ 168,162	85,873	0	0	254,035
Other	47,735	81	125,453	31,674	204,943
State sources	1,747	61	0	0	1,808
TOTAL REVENUES	217,644	86,015	125,453	31,674	460,786
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	18,125	0	0	0	18,125
Other instruction	0	0	119,411	0	119,411
	18,125	0	119,411	0	137,536
Support services:					
Instructional staff services	0	0	900	0	900
Administration services	0	0	530	0	530
Operation and maintenance of plant services	136,767	0	613	0	137,380
Transportation services	5,024	0	0	0	5,024
	141,791	0	2,043	0	143,834
Other expenditures:					
Facilities acquisitions	0	53,072	0	0	53,072
	0	53,072	0	0	53,072
TOTAL EXPENDITURES	159,916	53,072	121,454	0	334,442
Excess of revenues over expenditures	57,728	32,943	3,999	31,674	126,344
Fund balance beginning of year	109,930	14,972	36,885	0	161,787
Fund balance end of year	\$ 167,658	47,915	40,884	31,674	288,131

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Interest	\$ 0	1,148	244	904
Athletics	4,494	70,149	66,321	8,322
Archery	134	0	0	134
Play	4,530	1,000	789	4,741
Musicals	4,124	2,294	2,976	3,442
Cheerleading	975	1,200	1,302	873
Class of 2008	3,528	0	1,729	1,799
Class of 2009	1,981	8,710	7,270	3,421
Class of 2010	244	795	55	984
Class of 2011	0	430	0	430
Menlo WC pride elementary	0	7	7	0
FFA	7,847	11,714	12,335	7,226
FCCLA	1,098	662	135	1,625
Flag/Drill team	2,282	1,062	1,256	2,088
Science Fair	141	3,685	3,826	0
HS student council	869	996	930	935
MS student council	1,562	14,742	13,535	2,769
HS yearbook	2,845	5,995	7,825	1,015
MS yearbook	231	864	919	176
Total	\$ 36,885	125,453	121,454	40,884

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 4,120,801	3,988,719	3,522,895	3,185,464	2,941,388
Tuition	128,581	147,461	121,872	123,119	92,374
Other	458,015	458,195	307,626	250,325	249,459
Intermediate sources	364	0	0	0	740
State sources	4,921,040	4,651,132	4,341,906	4,155,901	3,716,899
Federal sources	305,475	202,315	213,143	277,456	172,395
Total	<u>\$ 9,934,276</u>	<u>9,447,822</u>	<u>8,507,442</u>	<u>7,992,265</u>	<u>7,173,255</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 3,792,635	3,882,469	3,329,571	3,242,719	3,128,480
Special instruction	1,332,997	1,251,808	1,107,176	1,103,568	1,161,434
Other instruction	777,642	637,728	828,574	717,999	559,955
Support services:					
Student services	144,488	139,957	102,442	105,987	118,304
Instructional staff services	200,167	171,850	163,859	221,747	232,589
Administration services	906,492	838,715	984,124	865,928	876,788
Operation and maintenance of plant services	930,697	999,165	746,436	863,258	719,670
Transportation services	453,837	500,425	655,752	474,238	513,264
Non-instructional:					
Food service	0	0	0	103,676	54,917
Other expenditures:					
Facilities acquisitions	1,392,767	2,309,150	598,634	456	146,395
Long-term debt:					
Principal	185,000	62,000	0	82,000	60,000
Interest and fiscal charges	134,618	69,768	0	5,045	6,689
AEA flow-through	324,150	306,198	285,713	274,845	267,733
Total	<u>\$ 10,575,490</u>	<u>11,169,233</u>	<u>8,802,281</u>	<u>8,061,466</u>	<u>7,846,218</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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(a professional corporation)
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Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
West Central Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 18, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Central Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of West Central Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Central Valley Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Central Valley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of West Central Valley Community School District's financial statements that is more than inconsequential will not be prevented or detected by West Central Valley Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by West Central Valley Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the

internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Central Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit West Central Valley Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Central Valley Community School District and other parties to whom West Central Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Central Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

February 18, 2009

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to investigate available alternatives and implement them as soon as possible.

Conclusion - Response accepted.

I-B-08 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events. The District currently receipts this into the Student Activity Fund.

Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the general fund. The district should receipt rent collected for facility usage into the general fund.

Response - Any funds received for use of facilities will be deposited into the General Fund.

Conclusion - Response accepted.

I-C-08 Receipting Procedures - We noted during our audit that the District maintains multiple layers of collections with numerous individuals collecting revenues who do not issue receipts. These individuals include sponsors, teachers, office personnel, and coaches.

Recommendation - The District should review the receipting process to determine if compensation controls or additional internal controls should be implemented.

Response - The District will review the receipting process and research additional controls that may be needed.

Conclusion - Response accepted.

I-D-08 Bank Reconciliations - We noted during our audit that the District's Student Activity bank reconciliation has numerous outstanding reconciling items of non-sufficient funds

checks. Also, the District's cash in bank and investments appear to balance in total but the detail of the cash/checking statements, certificates of deposits, and ISJIT statements do not tie.

Recommendation - The District should consider a collection plan and/or adjusting for the non-sufficient funds checks to better reflect the cash balance. Bank reconciliations should be reviewed. Cash in bank should reconcile to cash/checking statement. Investments should reconcile to certificates of deposits and ISJIT statements. The District should reconcile bank statement balances to financial statement balances on a monthly basis.

Response - Non-sufficient funds checks are now immediately adjusted (in Nutrition account) and immediately acted upon in the Student Activity Fund and General Fund. Reconciliations of certificates of deposits, ISJIT and bank statements to financial statements are done on a monthly basis.

Conclusion - Response accepted.

- I-E-08 Grants - We noted during our audit, that when expenditures for specific grants were posted; it appeared that the expenses were not always properly coded to those line item projects. It was also noted the final report for the Title I grant was finalized without the use of general ledger numbers.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting Manual for Iowa LEAs and AEAs. The proper coding also allows the District to maintain accountability of the grants by matching the revenues to the expenditures. The District should review procedures with the individuals who file final reports and require the District's financial records be used when submitting reports.

Response - Going forward, we will tie all requests for funds back to actual revenue and expenses for that specific grant.

Conclusion - Response accepted.

- I-F-08 Donations - We noted during our audit, that the District was the beneficiary in the estate of Pearle Schultz. The will bequested \$100,000 to the Stuart-Menlo Community School to be used for building a new school provided it was built within 10 years of her death. Otherwise, the \$100,000 would be used to fund scholarships. This bequest was not recorded in the District's records, but was recorded in the West Central Dollars for Scholars organization. The earnings from the original investment appears to have been used for scholarships. The maintenance of this bequest does not appear to be in compliance with the donor's will.

Recommendation - The District should consult legal counsel to determine the most appropriate manner to proceed. The District should record and maintain donations made to the District in accordance with the donor's request.

Response - Funds from Pearle Schultz's estate were returned to the District in September 2008. Future donations will be handled in accordance with the donor's request.

Conclusion - Response accepted.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting

- II-A-08 Certified Budget - District disbursements for the year ended June 30, 2008, did not exceed the amount budgeted.
- II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jeff Baker, Board Member Coaching	Coach of MS Basketball	\$1,644
Michelle Otto, Sponsor Spouse owns Otto Drywall	Supplies	\$11,329
Sharon Sloss, Principal Spouse owns Stuart Appliance	Supplies	\$24,848

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Jeff Baker, do not appear to be a conflict of interest.

In accordance with Attorney's General opinion dated November 9, 1976, the transaction with the spouses of Sharon Sloss and Michelle Otto do not appear to be a conflict of interest.

- II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - Minutes will be sent to the paper on a timely basis. Documentation of when the minutes were submitted will also be kept.

Conclusion - Response accepted.

II-G-08 Certified Enrollment - We noted that the number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for October 2007 was overstated. The District's certified enrollment count on line 2 was understated by 1.8 students. This resulted in overstating the total actual enrollment at line 7 by 1.8 students.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District has contacted the Iowa Department of Education and the Department of Management.

Conclusion - Response accepted.

II-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

II-J-08 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response - Going forward, we now receive both the front and back image of each cancelled check.

Conclusion - Response accepted.

II-K-08 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - The District should determine if the outstanding checks should be reissued, voided, or submitted to the State as unclaimed property. If the checks are submitted as unclaimed property, the District must do so annually before November 1st as required by Chapter 556.1(10) and 556.11 of the Code of Iowa.

Response - We have researched and re-issued the majority of outstanding checks. The General Fund currently has no checks outstanding.

Conclusion - Response accepted.